

86TH CONGRESS 2d Session	}	HOUSE OF REPRESENTATIVES	}	REPORT No. 1593
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MUTUAL SECURITY ACT OF 1960

MAY 6, 1960.—Ordered to be printed

Mr. MORGAN, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.R. 11510]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 11510) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *That this Act may be cited as the "Mutual Security Act of 1960"*.

STATEMENT OF POLICY

SEC. 2. Section 2 of the Mutual Security Act of 1954, as amended, which is a statement of policy, is further amended by adding at the end thereof the following:

"(f) It is the sense of the Congress that inasmuch as—

"(1) the United States favors freedom of navigation in international waterways and economic cooperation between nations; and

"(2) the purposes of this Act are negated and the peace of the world is endangered when nations which receive assistance under this Act wage economic warfare against other nations assisted under this Act, including such procedures as boycotts, blockades, and the restriction of the use of international waterways;

assistance under this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be administered to give effect to these principles, and, in all negotiations between the United States and any foreign state arising as a result of funds appropriated under this Act or arising under the Agricultural Trade Development and Assistance Act of 1954, as amended, these principles shall be applied, as the President may determine, and he shall report on measures taken by the Administration to insure their application."

CHAPTER I—MILITARY ASSISTANCE

MILITARY ASSISTANCE

SEC. 101. Chapter I of the Mutual Security Act of 1954, as amended, which relates to military assistance, is amended as follows:

(a) In section 103, which relates to authorizations, insert the following new subsection (d):

“(d) The value of programs of equipment and materials for American Republics, pursuant to any authority contained in this chapter other than section 106, in any fiscal year beginning with the fiscal year 1961, shall not exceed \$55,000,000. For the purposes of this subsection, the value of nonexcess equipment and materials shall be as defined in section 545(h) of this Act, and the value of excess equipment and materials (as excess is defined in section 545(e) of this Act) shall mean the acquisition cost to the Armed Forces of the United States of such equipment and materials.”

(b) In section 105(b)(4), which relates to conditions applicable to military assistance, strike out the last sentence.

CHAPTER II—ECONOMIC ASSISTANCE

DEFENSE SUPPORT

SEC. 201. Title I of chapter II of the Mutual Security Act of 1954, as amended, which relates to defense support, is amended as follows:

(a) In the first sentence of section 131(a), which relates to the authority of the President to furnish defense support, insert immediately before the period at the end thereof the following proviso: “: Provided, That either all documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to operations or activities under this title are furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation, appropriations, or expenditures under this title, upon request of the General Accounting Office or such committee or subcommittee as the case may be, or the President certifies that he has forbidden the information to be furnished pursuant to such request and gives his reasons for doing so”.

(b) In section 131(b), which relates to general authority, strike out “1960” and “\$751,000,000” and substitute “1961” and “\$675,000,000”, respectively.

(c) In section 141, which relates to conditions of eligibility for assistance, strike out “No such assistance” in the second sentence and substitute “No defense support or military equipment and materials”.

(d) In section 142(a), which relates to agreements, strike out “No assistance” in the introductory clause and substitute “No defense support or military equipment and materials”.

DEVELOPMENT LOAN FUND

SEC. 202. Title II of chapter II of the Mutual Security Act of 1954, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Amend section 201, which states the purposes of the Development Loan Fund, as follows:

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(1) In the last sentence, after "to develop their economic resources" insert "and free economic institutions", and after "to increase their productive capabilities" insert "in agriculture as well as in industry".

(2) At the end of the section, add the following new sentences: "The Congress recognizes that the accomplishment of the purposes of this title in rapidly developing countries requires the development of free economic institutions and the stimulation of private investment, local as well as foreign, in the field of housing. It is the sense of the Congress that, consistent with the other purposes of this title, special consideration should be given to loans and guarantees to stimulate activities in this field."

(b) Amend section 202, which relates to general powers of the Development Loan Fund, as follows:

(1) In clause (3) of the first sentence of subsection (b) insert "or free economic institutions" after "economic resources".

(2) At the end of the section, add the following new subsection:

"(c) The Fund shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of \$50,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans."

(c) In section 205(a), which relates to management, powers, and authorities, strike out "Under Secretary of State for Economic Affairs" in the first sentence and substitute "Secretary of State".

TECHNICAL COOPERATION

SEC. 203. Title III of chapter II of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is amended as follows:

(a) In section 304, which relates to authorization, strike out "\$179,500,000" and "1960" and substitute "\$172,000,000" and "1961", respectively.

(b) Amend section 306, which relates to multilateral technical cooperation and related programs, as follows:

(1) In subsection (a), which relates to contributions to the United Nations Expanded Program of Technical Assistance and related fund, strike out "\$30,000,000" and "1960" and substitute "\$33,000,000" and "1961", respectively.

(2) In subsection (b), which relates to contributions to the technical cooperation program of the Organization of American States, strike out "1960" and substitute "1961".

(c) In section 307, which relates to advances and grants, insert "(a)" immediately after "SEC. 307. ADVANCES AND GRANTS; CONTRACTS.—", and at the end thereof add the following:

"(b) The President shall arrange for a nongovernmental research group, university, or foundation to study the advisability and practicability of a program, to be known as the Point Four Youth Corps, under which young United States citizens would be trained and serve abroad in programs of technical cooperation. Not to exceed \$10,000 from funds made available pursuant to section 304 of this Act may be used to help defray the expenses of such a study."

(d) Repeal section 308, which relates to the International Development

Advisory Board

SPECIAL ASSISTANCE AND OTHER PROGRAMS

SEC. 204. Title IV of chapter II of the Mutual Security Act of 1954, as amended, which relates to special assistance and other programs, is amended as follows:

(a) In section 400(a), which relates to special assistance, strike out "1960" and "\$247,500,000" and substitute "1961" and "\$256,000,000", respectively.

(b) In section 401, which relates to the United Nations Emergency Force, strike out "1960" in the second sentence and substitute "1961".

(c) In section 402, which relates to earmarking of funds, strike out "1960" in the first sentence and substitute "1961".

(d) In section 403, which relates to responsibilities in Germany, strike out "1960" and "\$7,500,000" in the first sentence and substitute "1961" and "\$6,750,000", respectively.

(e) Insert after section 403 the following new section 404:

"SEC. 404. INDUS BASIN DEVELOPMENT.—The Congress of the United States welcomes the progress made through the good offices of the International Bank for Reconstruction and Development toward the development of the Indus Basin through a program of cooperation among south Asian and other nations of the free world in order to promote economic growth and political stability in south Asia, and affirms the willingness of the United States, pursuant to authorities contained in this and other Acts, to participate in this significant undertaking. In the event that funds appropriated pursuant to this Act are made available to be used by or under the supervision of the International Bank for Reconstruction and Development in furtherance of the foregoing purposes, such funds may be used in accordance with requirements, standards, or procedures established by the Bank concerning completion of plans and cost estimates and determination of feasibility, rather than with requirements, standards, or procedures concerning such matters set forth in this or other Acts; and such funds may also be used without regard to the provisions of section 901(b) of the Merchant Marine Act of 1936, as amended (46 U.S.C. 1241), whenever the President determines that such provisions cannot be fully satisfied without seriously impeding or preventing accomplishment of such purposes: Provided, That compensating allowances are made in the administration of other programs to the same or other areas to which the requirements of said section 901(b) are applicable."

(f) Amend section 405, which relates to migrants, refugees, and escapees, as follows:

(1) In subsection (c), which relates to contributions to the program of the United Nations High Commissioner for Refugees, strike out "1960" and "\$1,100,000" and substitute "1961" and "\$1,300,000", respectively.

(2) In subsection (d), which relates to the continuation of activities undertaken for selected escapees, strike out "1960" and "\$5,200,000" and substitute "1961" and "\$3,500,000", respectively.

(g) In section 406, which relates to children's welfare, strike out "1960" and substitute "1961".

(h) Amend section 407, which relates to Palestine refugees in the Near East, to read as follows:

"SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed \$16,500,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the

Near East. In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East, the President shall take into account whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees. It is the sense of the Congress that the earliest possible rectification should be made of the Palestine refugee rolls in order to assure that only bona fide refugees whose need and eligibility for relief have been certified shall receive aid from the Agency and that the President in determining whether or not to make United States contributions to the Agency should take into consideration the extent and success of efforts by the Agency and the host governments to rectify such relief rolls. The President shall include in his recommendations to the Congress for fiscal year 1962 programs under this Act a report concerning the progress made toward the rectification of the relief rolls as well as toward the repatriation and resettlement of the refugees by the governments directly concerned. Whenever the President shall determine that it would more effectively contribute to the relief, repatriation, and resettlement of Palestine refugees in the Near East he may expend any part of the funds made available pursuant to this section through any other agency he may designate."

(i) Section 409, which relates to ocean freight charges, is amended as follows:

(1) In subsection (a), after "such nations and areas" insert ", or, in the case of such nations and areas which are landlocked, transportation charges from the United States ports to designated points of entry in such nations and areas,".

(2) In subsection (c), strike out "1960" and "\$2,300,000" and substitute "1961" and "\$2,000,000", respectively.

(j) Amend section 411, which relates to administrative and other expenses, as follows:

(1) In subsection (b), which relates to certain expenses of administering nonmilitary assistance, strike out "1960" and "\$39,500,000" and substitute "1961" and "\$40,000,000", respectively.

(2) In subsection (c), which relates to administrative and other expenses of the Department of State, strike out "to" after "appropriated" and substitute "for expenses of".

(k) Section 412, which relates to the President's special education and training fund, is repealed.

(l) In section 419(a), which relates to atoms for peace, strike out "1960" and "\$6,500,000" and substitute "1961" and "\$3,400,000", respectively.

(m) Add the following new section after section 420:

"SEC. 421. LOANS TO SMALL FARMERS.—It is the policy of the United States and the purpose of this section to strengthen the economies of underdeveloped nations, and in nations where the economy is essentially rural or based on small villages, to provide assistance designed to improve agricultural methods and techniques, to stimulate and encourage the development of local programs of self-help and mutual cooperation, particularly through loans of foreign currencies for associations of operators of small farms, formed for the purpose of joint action designed to increase or diversify agricultural productivity. The maximum unpaid balance of loans made to any association under this section may not exceed \$25,000 at any one time; and the aggregate unpaid balance of all loans made under this section may not exceed \$10,000,000 at any one time."

CHAPTER III—CONTINGENCY FUND

SEC. 301. Section 451(b) of the Mutual Security Act of 1954, as amended, which relates to the President's special authority and contingency fund, is amended by striking out "1960" and "\$155,000,000" in the first sentence and substituting "1961" and "\$150,000,000", respectively.

CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

SEC. 401. Chapter IV of the Mutual Security Act of 1954, as amended, which relates to general and administrative provisions, is amended as follows:

(a) Section 502, which relates to use of foreign currency, is amended as follows:

(1) Subsection (b) is amended as follows:

(i) Insert after the word "expended" in the proviso the words "and the amounts of dollar expenditures made from appropriated funds in connection with travel outside the United States".

(ii) Amend the second sentence to read as follows: "Within the first sixty days that Congress is in session in each calendar year, the chairman of each such committee shall prepare a consolidated report showing the total itemized expenditures during the preceding calendar year of the committee and each subcommittee thereof, incurred as a result of the official activities of the members and employees of such committee or subcommittee, and shall forward such consolidated report to the Committee on House Administration of the House of Representatives (if the committee be a committee of the House of Representatives or a joint committee whose funds are disbursed by the Clerk of the House) or to the Committee on Appropriations of the Senate (if the committee be a Senate committee or a joint committee whose funds are disbursed by the Secretary of the Senate)."

(2) At the end of the section, add the following new subsection:

"(c) It is the sense of the Congress that prompt and careful consideration should be given to participation by the United States in an internationally financed program which would utilize foreign currencies available to the United States to preserve the great cultural monuments of the Upper Nile. Accordingly, the President is requested to submit to the Congress on or before March 1, 1961, his recommendations concerning such a program."

(b) Section 504(d), which relates to small machine tools and other industrial equipment, is repealed.

(c) In section 505(a), which relates to loan assistance and sales, insert after the first sentence the following new sentence: "Commodities, equipment, and materials transferred to the United States as repayment may be used for assistance authorized by this Act, other than title II of chapter II, in accordance with the provisions of this Act applicable to the furnishing of such assistance."

(d) In section 513, which relates to notice to legislative committees, insert before "and copies" in the last sentence the following: "and under the last clause of the second sentence of section 404".

(e) Amend section 517, which relates to completion of plans and cost estimates, as follows:

(1) Insert "(a)" immediately after "SEC. 517. COMPLETION OF PLANS AND COST ESTIMATES.—".

(2) Add the following at the end of such section:

"(b) Plans required under this section for any water or related land resource construction project or program shall include a computation of benefits and costs made insofar as practicable in accordance with the procedures set forth in Circular A-47 of the Bureau of the Budget with respect to such computations."

(f) Amend section 523, which relates to coordination with foreign policy, by adding the following new subsection:

"(d) Whenever the President determines that the achievement of United States foreign policy objectives in a given country requires it, he may direct the chief of the United States diplomatic mission there to issue regulations applicable to members of the Armed Forces and officers and employees of the United States Government, and to contractors with the United States Government and their employees, governing the extent to which their pay and allowances received and to be used in that country shall be paid in local currency. Notwithstanding any other law, United States Government agencies are authorized and directed to comply with such regulations."

(g) Amend section 527, which relates to employment of personnel, as follows:

(1) In subsection (c), which relates to employment of personnel outside the United States, strike out "Director" in the introductory clause and substitute "President"; and insert before the period at the end of paragraph (2) the following new proviso: "Provided further, That Foreign Service Reserve officers appointed or assigned pursuant to this paragraph shall receive in-class promotions in accordance with such regulations as the President may prescribe".

(2) In subsection (d), which relates to appointment of alien employees outside the United States, strike out "at the request of the Director".

(h) Section 531, which relates to security clearance, is amended to read as follows:

"SEC. 531. SECURITY CLEARANCE.—The standards and procedures set forth in Executive Order Numbered 10450, as amended or supplemented, shall apply to the employment under this Act by any agency administering nonmilitary assistance of any citizen or resident of the United States."

(i) In subsection (c) of section 533A, relating to the Inspector General and Comptroller, strike out paragraph (9) and renumber paragraphs (10) and (11) as paragraphs (9) and (10), respectively.

(j) In section 534(a), which relates to reports, strike out "six months" in the first sentence and substitute "fiscal year".

(k) In section 537(a), which relates to provisions on uses of funds, amend paragraph (3) to read as follows:

"(3) contracting with individuals for personal services abroad: Provided, That such individuals shall not be regarded as employees of the United States for the purpose of any law administered by the Civil Service Commission;"

(l) In section 537(c), which relates to construction or acquisition of facilities abroad, strike out "\$2,750,000" and substitute "\$4,250,000".

(m) Add the following new section immediately after section 551:

"SEC. 552. ASSISTANCE TO CUBA.—No assistance shall be furnished under this Act to Cuba after the date of enactment of the Mutual Security Act of 1960 unless the President determines that such assistance is in the national and hemispheric interest of the United States."

CHAPTER V—TECHNICAL AMENDMENTS REFLECTING NEW LIMITS OF UNITED STATES

SEC. 501. *The Mutual Security Act of 1954, as amended, is amended as follows:*

- (a) *In section 205(c), strike out "continental" in the twelfth clause of the first sentence.*
- (b) *In section 411(d), strike out "the continental limits of".*
- (c) *In section 527(c), strike out "the continental limits of" in the introductory clause.*
- (d) *In section 527(d), strike out "the continental limits of".*
- (e) *In section 530(a), strike out "the continental limits of".*
- (f) *In section 537(a), strike out "continental" in the last proviso of paragraph (5) and in paragraphs (13) and (17); and strike out "the continental limits of" in paragraph (10).*

CHAPTER VI—AMENDMENTS TO OTHER LAWS

SEC. 601. *Title II of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1721 and the following), which relates to famine relief and other assistance, is amended as follows:*

(a)(1) *In section 202, strike out "The" at the beginning thereof and substitute the following: "In order to facilitate the utilization of surplus agricultural commodities in meeting the requirements of needy peoples, and in order to promote economic development in underdeveloped areas in addition to that which can be accomplished under title I of this Act, the".*

(2) *The amendment made by this subsection shall expire June 30, 1961.*

(b) *In section 203, which relates to delivery of relief supplies, in the third sentence after the words "designated ports of entry abroad" insert "or, in the case of landlocked countries, transportation from United States ports to designated points of entry abroad," and before the period at the end of such sentence insert the following: ", and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto may be paid from such funds".*

SEC. 602. *Section 501(b) of the Mutual Security Act of 1959 (73 Stat. 256), which relates to international cooperation in health, is repealed.*

SEC. 603. *Section 3(a) of Public Law 403, Eightieth Congress, as amended (22 U.S.C. 280b), which relates to United States membership in the South Pacific Commission, is amended by striking out "\$75,000" and substituting "\$100,000".*

SEC. 604. *The President shall have a study made of the functions of, and the degree of coordination among, agencies engaged in foreign economic activities, including the Department of State, the International Cooperation Administration, the Development Loan Fund, the Export-Import Bank, and the Department of Agriculture, with a view to providing the most effective means for the formulation and implementation of United States foreign economic policies. The President shall include in his presentation to the Congress of the fiscal year 1962 mutual security program his findings and recommendations resulting from such study.*

CHAPTER VII—CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE
BETWEEN EAST AND WEST

SEC. 701. This chapter may be cited as the "Center for Cultural and Technical Interchange Between East and West Act of 1960".

SEC. 702. The purpose of this chapter is to promote better relations and understanding between the United States and the nations of Asia and the Pacific (hereinafter referred to as "the East") through cooperative study, training, and research, by establishing in Hawaii a Center for Cultural and Technical Interchange Between East and West where scholars and students in various fields from the nations of the East and West may study, give and receive training, exchange ideas and views, and conduct other activities primarily in support of the objectives of the United States Information and Educational Exchange Act of 1948, as amended, title III of chapter II of the Mutual Security Act of 1954, and other Acts promoting the international, educational, cultural, and related activities of the United States.

SEC. 703. In order to carry out the purpose of this chapter the Secretary of State (hereinafter referred to as the "Secretary") shall provide for—

(1) the establishment and operation in Hawaii of an educational institution to be known as the Center for Cultural and Technical Interchange Between East and West, through arrangements with public, educational, or other nonprofit institutions;

(2) grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the East and West as may be necessary to attract such scholars and authorities to the Center;

(3) grants, scholarships, and other payments to qualified students from the nations of the East and West as may be necessary to enable such students to engage in study or training at the Center; and

(4) making the facilities of the Center available for study or training to other qualified persons.

SEC. 704. (a) In carrying out the provisions of this chapter, the Secretary may utilize his authority under the provisions of the United States Information and Educational Exchange Act of 1948, as amended.

(b) The Secretary may, in administering the provisions of this chapter, accept from public and private sources money and property to be utilized in carrying out the purposes and functions of the Center. In utilizing any gifts, bequests, or devises accepted there shall be available to the Secretary the same authorities as are available to him in accepting and utilizing gifts, bequests, and devises to the Foreign Service Institute under the provisions of title X, part C of the Foreign Service Act of 1946, as amended. For the purposes of Federal income, estate, and gift taxes, any gift, devise, or bequest accepted by the Secretary under the authority of this chapter shall be deemed to be a gift, devise, or bequest to or for the use of the United States.

(c) The Secretary shall make an annual report to the Congress with respect to his activities under the provisions of this chapter, and such report shall include any recommendations for needed revisions in this chapter.

SEC. 705. There are authorized to be appropriated, to remain available until expended, such amounts as may be necessary to carry out the provisions of this chapter.

CHAPTER VIII—HEMISPHERIC CENTER FOR CULTURAL AND
TECHNICAL INTERCHANGE

STATEMENT OF PURPOSE

SEC. 801. *The purpose of this chapter is to promote better relations and understanding between the United States and the other nations of the Western Hemisphere (hereinafter referred to as "the Hemisphere") through cooperative study and research, by establishing in Puerto Rico a Hemispheric Center for Cultural and Technical Interchange, either as a branch of an existing institution of higher learning or as a separate institution, where scholars and students, in various fields from the nations of the Hemisphere may meet, study, exchange ideas and views, and conduct other activities primarily in support of the objectives of the United States Information and Educational Exchange Act of 1948, as amended, and title III of chapter II of the Mutual Security Act of 1954 and other Acts promoting the international educational, cultural, and related activities of the United States.*

ESTABLISHMENT OF CENTER

SEC. 802. *In order to carry out the purposes of this chapter the Secretary of State (hereinafter referred to as "Secretary"), after consultation with appropriate public and private authorities, may, on or before January 3, 1961, prepare and submit to the Congress a plan and program for—*

(1) *the establishment and operation in Puerto Rico of an educational institution to be known as the Hemispheric Center for Cultural and Technical Interchange through arrangements to be made with public, educational, or other nonprofit institutions;*

(2) *grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the Hemisphere as may be necessary to attract such scholars and authorities to the Center;*

(3) *grants, scholarships, and other payments to qualified candidates from the nations of the Hemisphere as may be necessary to enable such students to engage in study at the Center; and*

(4) *making the facilities of the Center available for study to other qualified persons on reasonable basis.*

And the Senate agree to the same.

THOMAS E. MORGAN,
A. S. J. CARNAHAN,
CLEMENT J. ZABLOCKI,
ROBERT B. CHIPERFIELD,
WALTER H. JUDD,
Managers on the Part of the House.
J. W. FULBRIGHT,
THEODORE FRANCIS GREEN,
JOHN J. SPARKMAN,
ALEXANDER WILEY,
BOURKE B. HICKENLOOPER,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 11510) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for clarifying, clerical, and necessary conforming changes, the differences are noted below:

INTRODUCTION

The House bill authorized an appropriation of \$1,318,400,000 for fiscal year 1961. The Senate amendment authorized an appropriation of \$1,405,500,000. The committee of conference adjusted the individual program amounts and agreed on a total authorization of \$1,366,200,000 for fiscal year 1961. The authorization agreed upon is a reduction of \$39,300,000 from the Senate amount and an increase of \$47,800,000 over the House figure.

There were five amounts in the House bill from which the Senate amendment differed. On two of them the Senate receded—defense support, for a reduction from the Senate figure of \$25 million; and special assistance, a reduction of \$4 million. The two Houses split the \$400,000 difference for the U.N. High Commissioner for Refugees and agreed to a final figure of \$1,300,000. On the amount for Palestine refugees, the Senate receded from its position cutting off unobligated funds, and the House managers reduced their figure by \$2 million with the understanding that approximately \$6,500,000 of unobligated funds would be made available. For the contingency fund the difference between the House bill and the Senate amendment was \$55 million. On this the House increased its figure by \$50 million and the Senate cut its figure by \$5 million.

Fiscal analysis of mutual security program for fiscal year 1961

[In thousands of dollars]

Program	House bill (1)	Senate amendment (2)	Conference substitute (3)	Adjustment against House bill (4)	Adjustment against Senate amendment to House bill (5)
Chapter:					
I. Military assistance: Sec. 103(a): General authorization.....	(1)	(1)	(1)		
II. Economic assistance:					
Title I—Defense support: Sec. 131(b).....	\$675,000	\$700,000	\$675,000		—\$25,000
Title II—Development Loan Fund: Sec. 203: Capitalization.....	(1)	(1)	(1)		
Title III—Technical cooperation:					
Sec. 304: General authorization.....	172,000	172,000	172,000		
Sec. 306: Multilateral technical cooperation and related programs:					
(a) U.N. technical assistance.....	33,000	33,000	33,000		
(b) Organization of American States.....	1,500	1,500	1,500		
Total, title III.....	206,500	206,500	206,500		
Title IV—Special assistance and other programs:					
Sec. 400(a): Special assistance.....	256,000	260,000	256,000		—4,000
Sec. 405: Migrants, refugees, and escapees:					
(a) Intergovernmental Committee for European Migration.....	(1)	(1)	(1)		
(c) U.N. High Commissioner for Refugees.....	1,500	1,100	1,300	—200	+200
(d) Escapee program.....	3,500	3,500	3,500		
Sec. 406: Children's welfare.....	12,000	12,000	12,000		
Sec. 407: Palestine refugees.....	18,500	22,000	16,500	—2,000	—5,500
Sec. 408(a): NATO science program.....	(1)	(1)	(1)		
Sec. 409(c): Ocean freight charges on voluntary relief shipments.....	2,000	2,000	2,000		
Sec. 410: Control Act expenses.....					
Sec. 411: Administrative and other expenses:					
(b) Administrative and other expenses (other than ch. I and title II of ch. II).....	40,000	40,000	40,000		
(c) State Department administrative expenses.....	(1)	(1)	(1)		
Sec. 419(a): Atoms for peace.....	3,400	3,400	3,400		
Total, title IV.....	336,900	344,000	334,700		
Total, ch. II.....	1,218,400	1,250,500	1,216,200		
III. Contingency fund: Sec. 451(b).....	100,000	155,000	150,000	+50,000	—5,000
Total.....	1,318,400	1,405,500	1,366,200	+47,800	—39,300

¹ Authorization contained in the Mutual Security Act.² This total does not include unobligated balances of prior year appropriations requested to be continued available. Unobligated funds of approximately \$6,500,000 which the administration proposal and House bill would have made available for use in 1961 are to revert to the Treasury. Although the Senate amendment authorizesa 1961 appropriation of \$3,500,000 more than the House bill and the administration request, it will result in a total availability of \$3,000,000 less.
³ Does not include unobligated balances from prior year appropriations amounting to \$6,500,000 which are authorized to be continued available.

MILITARY ASSISTANCE TO LATIN AMERICA (SEC. 101)

The House bill amended section 105(b)(4) to limit the aggregate amount of funds which might be obligated or reserved for military assistance to Latin America in fiscal year 1961 to the total for fiscal year 1960. The ceiling included training as well as materiel but did not apply to "excess" materiel or to reimbursable transactions under sections 103(c) and 106.

The Senate amendment added a new section 103(d) to limit the value of programs of military materiel beginning with fiscal year 1961 to \$55 million. This ceiling included "excess" as well as nonexcess materiel and also applied to reimbursable transactions under section 103(c), which are financed with military assistance funds. It did not apply to training or to reimbursable transactions under section 106, which are not financed with military assistance funds. The Senate amendment also provided that in no case should any reimbursement to the Department of Defense and the military services for excess equipment exceed the usual value of excess equipment as determined under section 545(h).

The committee of conference was in agreement that U.S. assistance to the American Republics in the form of military materiel should be progressively reduced and that a ceiling should be imposed on the use of mutual security funds for this purpose. The managers on the part of the House accepted the language of the Senate amendment, except for the deletion of a provision relating to reimbursement for excess equipment which did not in any way alter the requirements already in effect under sections 522(c) and 545(h) of the Mutual Security Act.

The provision as agreed upon sets an annual limitation of \$55 million beginning with the fiscal year 1961. This ceiling includes excess as well as nonexcess materiel and reimbursable transactions financed with military assistance funds. It does not apply to training or to reimbursable transactions under section 106.

SUBMISSION OF DOCUMENTS AND INFORMATION TO THE CONGRESS
(SEC. 201(a))

The House bill added a proviso to section 131(b) of the Mutual Security Act of 1954, as amended, requiring that all documents relating to defense support operations be furnished upon request to the General Accounting Office or any authorized congressional committee. The Senate amendment did not contain a provision on this subject.

The Senate amendment, however, included a provision striking out the existing language of section 537(f) of the Mutual Security Act of 1954, as amended, which specifies the information to be submitted to Congress in connection with certain types of economic assistance and substituted for this provision a new requirement, outlining information to be submitted to the Congress in relation to military assistance.

The managers on the part of the House accepted a compromise according to which the provision of existing law relating to economic assistance, section 537(f), was retained while the new language contained in section 401(j) of the Senate amendment was deleted.

In addition, the provision in section 201(a) of the House bill was amended so as to require that if a request for any document or material

is denied by the Executive, the President must certify that he has forbidden the furnishing of such document or material.

The committee of conference recognizes that the separation of powers under the Constitution makes it impossible for the Congress to infringe the prerogatives of the Executive by legislative action and that consequently this provision would serve to indicate the will of the Congress but that it could neither prescribe nor limit the constitutional powers of the Executive.

INCREASING DEVELOPMENT LOAN FUND EMPHASIS ON DEVELOPMENT
OF FREE ECONOMIC INSTITUTIONS AND ON ENCOURAGEMENT OF PRIVATE
INVESTMENT IN HOUSING (SEC. 202 ¹/₂(a) AND (b))

The Senate amendment added to the purposes of the Development Loan Fund the development of free economic institutions and the development of agriculture as well as industry. It also required the Development Loan Fund to take into consideration the contribution of any proposed financing activity to the development of free economic institutions. The Senate amendment also expressed the sense of the Congress that the Development Loan Fund should give special consideration to loans and guarantees to stimulate the development of free economic institutions and private investment in the field of housing in rapidly developing countries.

In addition, the Senate amendment included an expression of the sense of Congress that the Development Loan Fund should assist in the development of self-liquidating pilot housing projects in the American Republics.

The House bill contained no similar provisions.

The managers on the part of the House accepted the Senate provisions relating to the stimulation of private investment in housing on a worldwide basis and the other provisions broadening the purposes of the Development Loan Fund.

The Senate conferees, in accepting the deletion of the Senate provision relating to housing projects in Latin American countries, emphasized the fact that existing law already provides adequate authority for establishing or assisting in the establishment of savings and loan type institutions in foreign countries and for guaranteeing private U.S. capital for investment in private housing in Latin American countries.

The committee of conference was in agreement as to the desirability and the importance of encouraging the development of self-liquidating pilot housing projects in the American Republics and calls the attention of the Executive to the need for greater emphasis on this type of activity.

DEVELOPMENT LOAN FUND SPECIAL ADVANCE COMMITMENTS (SEC. 202(b)(2))

The House bill added a new section 202(c) which prohibited the Development Loan Fund Board of Directors from formally allocating, committing, reserving, setting aside, or earmarking funds in excess of \$50,000 for use in any country unless an application or applications in excess of the amount to be committed for loans in such country had been received, supported by engineering, financial, or other data,

or unless the President personally determined it to be in the national interest to use such funds pursuant to multilateral plans.

The Senate amendment contained no provision on this subject.

The managers on the part of the House accepted an amendment to the House provision, which requires that before funds are allocated by the Development Loan Fund "sufficient information and assurances" must have been received "to indicate reasonably that the funds will be used in an economically and technically sound manner" in place of the more specific language contained in the House bill.

The committee of conference agreed that the limitation on advance allocations, reservations, earmarks, commitments, or set-asides by the Fund definitely applies to any formal action by the Fund's Board of Directors which would either bind the Fund or constitute a basis for representing to the Congress that a given sum cannot be used for other purposes. It does not mean that the Fund's staff cannot, or should not as prudent bankers, informally discuss priorities of various proposals with prospective borrowers, or internally prepare work programs and give special attention to applications from key countries. It should be noted here that just last year the Congress directed in section 202(b) of the act that the Fund "in its operations shall recognize that development loan assistance will be most effective in those countries which show a responsiveness to the vital long-term economic, political, and social concerns of their people, demonstrate a clear willingness to take effective self-help measures—." Obviously assistance to projects and programs in such countries are to be given priority.

Secondly, the amendment clearly calls for such data on the various types of projects and programs which the Fund finances as is appropriate to a preliminary judgment on the particular project or program.

Secondly, the information and assurances called for are those appropriate to forming a judgment that the allocation will result in economically and technically sound uses. These would include an appraisal of the competence and past performance of the entities submitting the applications and their understanding that loans be available only for projects and programs which meet the requirements of section 517. Depending on the development need involved, the Fund will continue to be available to finance such specific projects as dams, industrial enterprises and development banks and loans for programs which may either be a group of related projects or portions of overall plans or programs for economic development.

POINT FOUR YOUTH CORPS (SEC. 203(c))¹

The House report accompanying the bill included an endorsement of the Point Four Youth Corps and expressed the committee's desire for a comprehensive survey of the possibilities of developing a program for using the services of American youth under the mutual security program. The Senate amendment to the House bill included a specific provision requiring the President to arrange for such a study by a nongovernmental group and authorized the use of not more than \$10,000 from technical cooperation funds to help defray the expenses of the study. The managers on the part of the House accepted the Senate language.

ARMAMENTS FOR THE NEAR EAST (SEC. 204(a))

The House bill amended section 400(a) of the act to express the sense of Congress that money made available for special assistance should not be used by any nation in the Near East to purchase armaments. The Senate amendment did not contain this language. While sympathetic to the overall objectives, the committee of conference decided that the implications of the language might make more difficult the achievement of our foreign policy objectives in that area.

INDUS BASIN—50-50 SHIPPING REQUIREMENT (SEC. 204(e))

The House bill added a proviso at the end of the second sentence of the new section 404 which authorizes the waiver of the 50-50 shipping requirement in connection with U.S. participation in the development of the Indus Basin. This proviso required that compensating allowances be made in the administration of other programs to the same area to which the 50-50 shipping requirement is applicable. The Senate amendment did not contain a comparable provision.

The committee of conference considered the possibility that, since the Indus Basin development project involves a period presently estimated at 10 years, it might be impossible at some future date to make compensating allowances on shipments under other programs to the same area.

The managers on the part of the House, therefore, accepted an amendment which extends the scope of compensating allowances to include shipments not only to the same area but to other areas. This broadening of the provision in the House bill should assure fulfillment of the objectives of the 50-50 shipping requirement on a worldwide basis.

PALESTINE REFUGEES (SEC. 204(h))

The House bill deleted the proviso in section 407, which earmarked a percentage of the funds for resettlement and repatriation, and amended section 407 to authorize an appropriation of \$18.5 million for contribution to the United Nations Relief and Works Agency for Palestine Refugees (UNRWA), which, together with the use of re-appropriations, would permit a total contribution of \$25 million.

The Senate amendment deleted the proviso in section 407 and amended section 407: (1) to authorize an appropriation of \$22 million and to bar reappropriation of unobligated funds heretofore or hereafter appropriated under section 407; (2) to provide that after January 1, 1961, the U.S. contribution should not be used for relief programs except for refugees who had been certified as to need and eligibility after July 1, 1960; and (3) to require the President in the next fiscal year presentation to submit specific recommendations with respect to a program for the progressive repatriation and resettlement of refugees and for reducing the U.S. contribution to UNRWA.

The committee of conference agreed that the United States shall make progressive reductions of its annual contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East, that there shall be a consistent effort to rectify the Palestine refugee rolls in order to assure that only bona fide refugees in need

are included, and that a continued and vigorous effort shall be made toward the repatriation and resettlement of the refugees by the governments directly concerned.

The managers on the part of the House accepted a compromise which authorizes an appropriation of \$16,500,000 for the fiscal year 1961. This amount, together with the \$6,500,000 previously appropriated for resettlement but not used, would authorize for fiscal year 1961 a total of \$23 million, which is \$2 million below the total amount for this purpose in the House bill and \$1 million above the total amount contained in the Senate amendment. It also expresses the sense of the Congress with respect to the rectification of the refugee rolls and directs the President to include in his recommendations to the Congress for fiscal year 1962 a report concerning the progress made toward rectification of the relief rolls and toward the repatriation and resettlement of the refugees.

TRANSPORTATION CHARGES TO LANDLOCKED COUNTRIES
(SECS. 204(i) AND 601(b))

The committee of conference accepted a Senate amendment to section 409(a) which relates to ocean-freight charges to permit payment of transportation charges to points of entry in landlocked countries.

At present there is authority to use mutual security funds to pay ocean transportation for voluntary agency shipments to "ports of entry" in foreign countries. There is no authority, however, to pay overland transportation to points of entry in landlocked countries which do not have ports. The adoption of the Senate amendment will remove an inequity which a few countries suffer solely on account of geography.

The committee of conference accepted a similar amendment to section 203 of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480). The new language will authorize the payment of overland transportation charges to landlocked countries on title II and title III shipments.

LOANS TO SMALL FARMERS (SEC. 204(m))

The House bill added a new section 421 which stated it to be the policy of the United States to strengthen the economies of underdeveloped nations and to provide assistance designed to improve agricultural methods and techniques and encourage programs of self-help, particularly through loans of foreign currencies to associations of small farm operators. The new section 421 also imposed certain monetary ceilings on loans made under that section.

The Senate amendment contained no provision on this subject.

The committee of conference accepted the provision of the House bill with an amendment to the first sentence in which the word "for" was substituted for the word "to" in reference to associations of operators of small farms. This amendment is intended to make clear that loans of foreign currencies for such associations are not expected to be made directly by agencies of the United States, but would instead be made through agencies or institutions of foreign governments.

CONGRESSIONAL TRAVEL ACCOUNTING (SEC. 401(a)(1))

The Senate bill amended section 502(b), which requires an itemized reporting of congressional travel expenditures in foreign currencies, in two particulars. The new Senate language broadened the provisions of existing law to require itemized reporting of "the amount of dollar expenditures made from appropriated funds in connection with travel outside the United States." The Senate amendment also provided that the reports on congressional travel, which are published annually in the Congressional Record, should include the names of each Member and employee incurring local currency or dollar travel expenses. The committee of conference accepted the Senate language with an amendment. The language agreed upon tightens the provisions of existing law and makes it clear that the funds to be reported include both local currencies or dollars from appropriated funds expended "as a result of the official activities of Members and employees of congressional committees or subcommittees," and that committee chairmen, in complying with the provisions of section 502, submit annually for publication in the Congressional Record consolidated reports which show the total itemized expenditures in appropriated dollars and local currencies of the Members and employees of their committees and subcommittees.

CULTURAL MONUMENTS OF UPPER NILE (SEC. 401(a)(2))

The Senate amendment added a new section 502(c) which provided that if the President found that U.S. participation in an internationally financed program to preserve the cultural monuments of the Upper Nile would promote U.S. foreign policy, he might, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, and subject to congressional approval, contribute certain U.S.-owned foreign currencies for this purpose of a value not to exceed 33 1/3 percent of the total cost of the program. It also provided that no such currencies might be used unless the President was satisfied the remaining cost would be borne by other nations.

The House bill contained no provision on this subject.

The managers on the part of the House accepted a substitute in the nature of a compromise, expressing the sense of the Congress that consideration should be given by the United States to participation in an internationally financed program which would utilize foreign currencies available to the United States to preserve the cultural monuments of the Upper Nile and requesting the President to submit to the Congress on or before March 1, 1961, his recommendations concerning such a program. The language agreed to does not commit the United States to any course of action nor does it authorize any use of foreign currencies.

WATER RESOURCES PROJECTS (SEC. 401(e))

The House bill added a new section 517(b) which required non-military flood control, reclamation, and other water and related land resource programs or projects proposed for construction to be examined by qualified engineers financed under the Mutual Security Act in accordance with the general procedures prescribed in Circular A-47 of the Bureau of the Budget. The House language also called for a determination of the benefits and costs and the submission of a copy

of the determination to the Congress and prohibited the undertaking of any such program or project on which the benefits do not exceed the costs and which does not otherwise meet the standards and criteria used in determining feasibility of similar domestic programs and projects in accordance with Circular A-47. The Senate amendment did not contain any provision on this subject.

The committee of conference agreed to the principle of using the procedures set forth in Circular A-47 with respect to the computation of benefits for any water or related land resource construction project or program that is hereafter planned pursuant to the requirements of section 517. The latter section already prohibits the making of an agreement that obligates more than \$100,000 until technical, financial, and other plans have been worked out and a reasonably firm estimate of the cost to the United States has been made. The committee of conference recognized that the kind of statistics and cost-and-earning-potential data on hand in the United States necessary to make the computations required by Circular A-47 may not always be available in the underdeveloped countries. Hence the conferees agreed to the application of the standards "insofar as practicable" in order that foreign policy objectives of the United States would not be unduly impeded.

PAY OF EMPLOYEES IN LOCAL CURRENCY (SEC. 401(f))

The Senate amendment added a new section 523(d) which authorized Ambassadors to regulate the extent to which officers and employees of U.S. Government agencies and contractors abroad might receive their pay and allowances abroad in dollars or in local currency.

The House bill contained no provision on this subject.

The managers on the part of the House accepted the Senate provision with a number of clarifying amendments in the belief that this authority might increase the ability of the United States to prevent blackmarket operations on the part of overseas personnel. The committee of conference agreed that, as the amendment relates to contractors and contract employees, it applies only with respect to future contracts.

The language of the provision is sufficiently flexible and permits discretion in its application so as to assure that no undue hardship will be imposed on American military and civilian personnel serving overseas.

EMPLOYMENT OF PERSONNEL

The House bill amended section 527(b) of the act which relates to employment of personnel, to increase by four the number of positions that may be compensated, up to and including grade 15, without regard to the Classification Act of 1949. The Senate amendment did not contain any provision on this subject. The committee of conference accepted the Senate position that improved administration of the mutual security program can only be achieved through the employment of competent top-level managerial personnel.

PROMOTION OF ECONOMIC DEVELOPMENT (SEC. 601(a)(1))

The House bill amended section 202 of Public Law 480 to authorize the use of surplus agricultural commodities on a grant basis to meet

the requirements of needy people and to promote economic development in underdeveloped areas.

The Senate amendment contained no provision on this subject.

The committee of conference accepted the House provision with an amendment limiting the authorization to the period of one year. The managers on the part of the House accepted this limitation in the belief that a trial period of a year would not impede the operation of the program and would provide an opportunity to evaluate whether a longer range authorization would be desirable.

CONTRIBUTIONS TO SOUTH PACIFIC COMMISSION (SEC. 603)

The committee of conference accepted the language of the Senate amendment which amended section 3(a) of Public Law 403, 80th Congress. The new language raises the ceiling of \$75,000 to \$100,000 in appropriations authorized for our annual contribution to the South Pacific Commission.

The U.S. assessed contribution to the 1960 budget of the Commission will be about \$70,000, or 12.5 percent of the total contribution. A majority of the member governments have expressed an interest in intensifying the work of the Commission, especially in the field of health. They are prepared to support an increase in the Commission's budget which would require the United States to exceed the present ceiling of \$75,000. The adoption of the new language will permit the United States to support needed and well-planned increases in the budget of the Commission for the next several years and, at the same time, bear its share of the apportioned expenses at a relatively small additional cost. The peoples of three territories administered by the United States benefit from the activities of the Commission.

STUDY OF COORDINATION OF FOREIGN ECONOMIC OPERATIONS (SEC. 604)

The managers on the part of the House accepted the Senate amendment, with an amendment, requiring the President to have a study made of the functions of, and the degree of coordination among, agencies engaged in foreign economic activities, including the Department of State, the ICA, the Development Loan Fund, the Export-Import Bank, and the Department of Agriculture. The purpose is to provide the most effective means for the formulation and implementation of U.S. foreign economic policies. The President is required to include his findings and recommendations resulting from the study in his presentation to the Congress of the mutual security program for fiscal year 1962.

During the last decade various departments and agencies have embarked upon economic assistance programs. While each of the programs, whether grants, loans or sales, is directed toward the strengthening of our foreign policy, there is increasing concern that they are not sufficiently coordinated or integrated to provide the unity of purpose necessary to achieve their common objective. Some are operated within the Department of State; others are outside the Department. It is the expectation of the committee of conference that the study will result in a larger measure of coordination or integration within the executive branch in the formulation and implementation of our foreign policy.

CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST
AND WEST (CH. VII)

The committee of conference agreed to the language in the Senate amendment providing for the authorization of an appropriation to establish a Center for Cultural and Technical Interchange Between East and West. The activities to be carried out by the Center are those that will support the objectives of the United States Information and Educational Exchange Act of 1948 (the Smith-Mundt Act) and other acts promoting the international, educational, cultural, and related activities of the United States.

Last year the Congress directed the Secretary of State to submit to Congress before January 3, 1960, a plan and program for the establishment in Hawaii of an educational institution, for grants, fellowships, and other payments to outstanding scholars and to qualified students from the nations of the East and the West.

The Secretary of State filed a comprehensive report, as required. The language in the bill will permit the Secretary of State to carry out the recommendations contained in the report through any appropriate Federal or State agency or department. The establishment of such a Center is in keeping with the objectives of the mutual security program and will constitute a significant contribution toward better understanding between the people of Asia and the Pacific area and of the United States.

HEMISPHERIC CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE
(CH. VIII)

The committee of conference agreed to the language in the Senate amendment designed to promote better relations and understanding between the United States and other nations of the Western Hemisphere by establishing in Puerto Rico a hemispheric center for cultural and technical interchange. The objectives of the center would be consonant with the objectives of our several international educational and cultural programs.

The new language authorizes, but does not require, the Secretary of State to make a study on all aspects of the proposed project and to submit a plan and program for the center and its activities and functions before January 3, 1961.

This section does not carry an authorization for an appropriation. The study will be financed from funds available to the executive branch.

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